

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 02391 301711Z

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ACTION SS-30

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P 301635Z JUL 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 4106

C O N F I D E N T I A L OTTAWA 2391

EXDIS

E.O. 11652: GDS

TAGS: ENRG, TECH, CA, FR

SUBJECT: BRINCO AND ENRICHED URANIUM

REF: OTTAWA 2896, DEC 4, 1973; OTTAWA 2936, DEC. 6, 1973; OTTAWA
2999, DEC. 12, 1973; OTTAWA 0008, 0124, 1430, 1666, 2149,
2375; PARIS 1865, AND LONDON 14099 OF DEC. 3, 1973.

FOR ASST SECRETARY HARTMAN AND SCI/POLLACK FROM AMBASSADOR PORTER

1. I AM CONCERNED ABOUT THE ANNOUNCEMENT LAST FRIDAY, JULY 26,
THAT THE FRENCH ARE MOVING RAPIDLY IN A DIRECTION DESIGNED TO
PLACE A MULTIBILLION-DOLLAR GASEOUS DISSUSION PLANT IN CANADA.
WORD HAS REACHED US OF THE DEPT'S REPLY, JULY 26, TO THE AIDE-
MEMOIRE FROM THE CANADIAN EMBASSY IN WASHINGTON CONCERNING
BRINCO'S PROPOSAL TO BUILD ONE WITH AMERICAN TECHNOLOGY. CERTAINLY
THIS REPLY WILL BE HELPFUL BUT I QUESTION WHETHER IT GOES FAR
ENOUGH, FAST ENOUGH, TO ASSURE THAT OUR BEST INTERESTS VIS-A-VIS
THE FRENCH MOVE WILL BE SERVED.

2. AFTER REVIEWING THE BACKGROUND AVAILABLE HERE ON THIS
MATTER, MUCH OF WHICH PRECEDES MY ASSUMING CHARGE (SEE REFTELS
ABOVE), AS WELL AS CURRENT INFORMATION, I AM CONVINCED THE FRENCH
MEAN BUSINESS. FROM MY VANTAGE POINT, I PERCEIVE TWO DANGERS
IN THIS:

A. FIRST, THERE IS DANGER TO OUR POSITIIN OF LEADERSHIP IN
THE WORLWIDE NUCLEAR ENERGY PICTURE. IT SEEMS TO ME THAT THIS
DANGER IS SOLIDLY BASED ON THE POSSIBILITY THAT THE FRENCH

CONFIDENTIAL

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PAGE 02 OTTAWA 02391 301711Z

TECHNOLOGY, COMBINED WITH A MORE ECONOMICAL SUPPLY OF POWER THAN

WE CAN PROVIDE WITHOUT SUBSIDIES AND A RUTHLESS SALES POLICY, MIGHT WELL DESTROY OUR CHANCES FOR AN EQUITABLE PORTION OF THE INTERNATIONAL MARKET FOR ENRICHMENT SERVICES WITH ALL THAT THIS IMPLIES.

B. SECONDLY, CERTAIN CANADIAN OFFICIALS HAVE FOR A LONG TIME REGARDED WITH CONSIDERABLE ANXIETY THE PROSPECT OF THE FRENCH MOVING INTO QUEBEC ON THE SCALE WHICH A PROJECT OF THIS TYPE WOULD REPRESENT. EXACTLY WHAT THE FRENCH MIGHT DO IS NEVER SPELLED OUT TOO CLEARLY, BUT THE ANXIETY IS BASED AT LEAST PARTLY ON THE FEAR THAT THEY MIGHT DO SOMETHING TO UPSET THE DELICATE FRENCH-ENGLISH SITUATION IN CANADA AND THAT FEDERAL CONTROL MIGHT BE MORE IN QUESTION. WHILE I AM IN NO POSITION TO ASSESS ACCURATELY OR PREDICT THE ACTIONS OF THE FRENCH GOVERNMENT, ITS ROLE OVER THE PAST SEVERAL YEARS IN PARIS-QUEBEC CITY-OTTAWA RELATIONS HAS NOT ALWAYS BEEN CONSTRUCTIVE.

3. AS EMBASSY LONDON OBSERVED LATE LAST YEAR, DESPITE THE COMPLEXITY OF THE DECISIONS TO BE MADE IN THE AREA OF URANIUM ENRICHMENT, IT IS IMPORTANT THAT WE NOT REPEAT NOT DELAY SO LONG IN MAKING THE NECESSARY DECISIONS THAT WE ARE OVERTAKEN BY DEVELOPMENTS WHICH ARE NOT IN OUR BEST INTERESTS. THIS CONSIDERATION IS EVEN MORE VALID TODAY THAN WHEN IT WAS MADE. IF WE ARE RESIGNED TO THE PROSPECT OF A FRENCH SUCCESS IN THIS MATTER, THEN WE SHOULD IN FAIRNESS CLOSE OUT THE BRINCO PROPOSAL PROMPTLY AND THUS FREE BRINCO'S HAND TO BECOME INVOLVED IN THE FRENCH VENTURE. IF, ON THE OTHER HAND, IT IS IN OUR BEST INTEREST TO HEAD OFF THIS FRENCH MOVE, AND I BELIEVE IT IS, WE SHOULD TAKE PROMPT ACTION TO SUPPORT EFFECTIVELY THE BRINCO PROPOSAL.

PORTER

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